



UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

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INTRA-ALASKA MAINLINE

SERVICE MAIL RATES

Docket OST-95-405-48

(Docket 44445)

ORDER TO SHOW CAUSE ESTABLISHING
FINAL BUSH SERVICE MAIL RATES

Summary

By this order the Department proposes to establish new intra-Alaska bush service mail rates for the period April 1, 2000, through March 31, 2001. The rates that are currently in effect were established by Order 99-4-11, served April 12, 1999, for the period April 12, 1999, through March 31, 2000. Those rates will remain in effect as final rates through March 31, 2000, or until a final order is issued with respect to the rates proposed here, whichever is later.

Methodologically, this order makes a minor adjustment to the terminal element to reflect that ERA operates as both a mainline and bush operator.¹

Background

The proposed final rates, contained in Appendix A, reflect the application of cost adjustment factors, developed in Appendix B, to the basic mail rate structure established by the Department in Order 90-10-34. We have used the carriers' reported operating expenses for the YE 9/30/99, and have increased their unit costs to the mid-point of the new rate period, based on the long-term (ten-year) average annual changes in unit costs. As the Department deems appropriate, additional carriers may be added to or deleted from the pool of update-carriers in the future, so that a representative sample of the bush carriers in Alaska is maintained.

¹ Departure related (terminal) expenses as reported in Schedule F-2 of Form 298-C, are not assigned by aircraft type. Because ERA operates both mainline and bush aircraft, we have estimated, and subtracted from Appendix D, terminal expenses attributable to ERA's operation of mainline equipment. We did so by excluding terminal expenses associated with a pro-rata portion of ERA's mainline weighted departures. (See Appendix D, pages 3 and 4, footnotes 1 and 2.) We have made the same adjustment to the base rate in Appendix B.

The proposed final rates differ from the final rates currently in effect by the amounts shown in the following table:

	<u>YE 3/31/99</u>	<u>YE 3/31/00</u>	<u>% Change</u>
Linehaul Charge per Billing Ton-Mile ²	\$9.1442	\$9.9746	9.08%
Terminal Charge per Pound Originated	\$.3486	\$.3591	3.01%

The combination of the proposed linehaul and terminal charges produces proposed rates for the YE 3/31/00 that are 6.26 percent higher than those in effect for the current period for an 88-mile average length of haul.

General Matters

With the proposed rate we continue to use the methodology first implemented in Order 98-1-25.

The regression parameters are shown in Appendix F. They indicate that the regression is highly significant and reasonably reliable. The results indicate that, on average over the last nine years, unit costs have increased annually by 3.98% for the non-fuel linehaul and 2.84% for the terminal element. These results are not inconsistent with economy-wide inflation trends over the period.

As we frequently find, there have been significant changes in individual carriers' cost elements, with some carriers' unit costs decreasing while others have increased. We have reviewed individual quarters of all the carriers' data, especially those whose unit costs have changed the most, to determine if data for any single quarter appeared unduly aberrant. We have not detected any extreme swings, but we invite all carriers to review the attached data, with special focus on their own reporting, to determine if any errors may have been made.

The Department tentatively finds and concludes that:

The fair and reasonable final rates of compensation to be paid in their entirety by the Postmaster General pursuant to the provisions of 49 U.S.C. 41901 for the transportation of mail by aircraft having a payload of 7,500 pounds or less, the facilities used and useful therefore, and the services connected therewith, by each holder of a certificate authorizing the transportation of mail by aircraft within the State of Alaska, for the period beginning April 1, 2000, or on the date of issue of a final Department order with respect to the rates proposed here, whichever occurs later, through March 31, 2001, or until further order of the Department, whichever occurs later, are those specified in the attached Appendix A; and

² The proposed linehaul rates above for the year ending 3/31/00 are the sum of YE 9/30/99 uninflated fuel expense, and the non-fuel linehaul expense with an inflation factor applied.

ACCORDINGLY,

1. We direct all interested persons to show cause why the Department should not adopt the foregoing tentative findings and conclusions and fix, determine and publish the proposed final rates specified in Appendix A, for the period beginning either April 1, 2000, or on the date of issue of the final order pertaining to the rates proposed in Appendix A, whichever occurs later, through March 31, 2001, or until further order of the Department, whichever occurs later;
2. We direct all interested persons having objections to the tentative findings and conclusions or to the rates proposed here to file an objection along with all supporting documents within forty-five (45) days after the date of service of this order. Vague or unsupported objections that do not include all proposed adjustments and backup data will not be accepted;
3. If no objection is filed within the designated time, or if a timely filed objection raises no material issue of fact, we will deem all further procedural steps waived. We then will enter a final order incorporating the tentative findings and conclusions set forth here and establishing the final rates specified in the attached Appendix A;
4. These dockets shall remain open until further order of the Department; and
5. We will serve this order upon all parties on the Service List for this Docket.

By:

A. BRADLEY MIMS
Assistant Secretary for Aviation
and International Affairs

(SEAL)

An electronic version of this document is available on the World Wide Web at
<http://dms.dot.gov>
The electronic version may not include all of the appendices

INTRA ALASKA BUSH SERVICE MAIL RATES

	Base Year Bates 1	Adjustment Factors 2	Final Rates 3	Orders 99-4-11 & 99-2-19 Preceding Rate 4	Year-Over-Year Change 5
Effective April 1, 1999, through March 31, 2000					
Linehaul Charge per Billing Ton-Mile	\$5.9525	67.57%	\$9.9746	\$9.1442	9.08%
Terminal Charge per Pound Originated	\$.2217	61.96%	\$.3591	\$.3486	3.01%

Sources:

Column 1. Appendix E, Order 90-10-34.

Column 2. Appendix B to this order.

Column 3. Column 1 increased by column 2.

INTRA-ALASKA BUSH SERVICE MAIL RATES COST ADJUSTMENT FACTORS

	Base Year Ended 09/30/1986	1/	Year Ended 09/30/1999	2/	Regressed Annual Change YE 9/30/89 to YE 9/30/99	3/	Mid-Point to Mid-Point Change	4/	Estimated unit Cost at 10/01/2000	5/	Percent Change 1986 Base Year to 10/1/00	6/
Fuel Cost/Hour			\$18,190,628 \$70.05		NA		NA		\$70.05			
Non-Fuel Line-Haul Exp. plus G&A Cost per Hour			\$90,175,705 \$347.24		3.98%		6.05%		\$368.25			
Total Hours	180,100		259,694									
Unit Cost Per Hour, Fuel + Non-Fuel	\$261.57		\$417.29						\$438.30		67.57%	
Departure Expense plus G&A Wtd. Departures	\$11,966,847 7/ 370,383 7/		\$27,942,218 556,975									
Unit Cost per Wtd. Dep.	\$32.31		\$50.17		2.84%		4.30%		\$52.33		61.96%	

1/ Order 90-10-34, updated in this order and in Order 96-12-41.

2/ Appendix C, page 1 for fuel expense, page 7 for nonfuel expense, and Appendix D, page 3 for departure-related expense.

3/ See regression results in Appendix F. For fuel, we will apply no inflation factor.

4/ Reflects the fact that from the mid point of the reporting period to the midpoint of the prospective rate is 1 and 1/2 years.

1.0398 x 1.0199; where 1.0199 is the average annual unit cost increase projected for a 6-month period.

1.0284 x 1.0142 where 1.0142 is the average annual unit cost increase projected for a 6-month period.

5/ Fuel -- most recent Cost of \$68.60/hr., nonfuel: \$317.44 x 1.0497 = \$333.22/hr; Departure-Related, \$47.92 x 1.0448 = \$50.07 /wtd. departure.

6/ \$401.82/\$261.57 in column 1 produces a 53.62% increase and \$50.07/\$31.84 in column 1 produces a 57.26% increase.

7/ ERA had \$1,547,577 departure related + G&A Expense and 64,851 system weighted departures in the base year, of which 43,086 were with DHC-6 Twin Otters. or 66.44%. We will therefore reduce Departure Expense by \$519,367 and Wtd. Departures by 21,764 from previous levels.

INTRA-ALASKA BUSH SERVICE MAIL RATES
Summary of Carriers' Fuel Portion of Linehaul Expenses

	YE 09/30/1989	YE 09/30/1990	YE 09/30/1991	YE 09/30/1992	YE 09/30/1993	YE 09/30/1994	YE 09/30/1995	YE 09/30/1996	YE 09/30/1997	YE 09/30/1998	YE 09/30/1999
1 A. Island Air	\$35,186	\$23,456	\$15,945	\$31,385	\$270,832	\$463,281	0	0	0	0	0
2 Arctic Circle	\$44,750	\$235,884	\$421,431	\$433,263	\$431,909	\$443,792	\$490,760	\$533,056	\$502,772	\$528,182	\$584,932
3 Arctic Tpt.	\$555,128	\$707,700	\$706,900	\$787,709	\$827,430	\$945,777	\$615,419	\$581,572	\$590,640	\$647,736	\$620,719
4 . Baker	\$485,991	\$519,232	\$530,486	\$612,694	\$732,302	\$696,739	\$584,135	\$607,266	\$817,099	\$652,904	\$250,663
5 . Bering	\$889,441	\$1,076,472	\$1,187,734	\$1,269,098	\$1,194,713	\$1,323,895	\$1,349,311	\$1,496,028	\$1,524,183	\$1,430,917	\$1,408,723
6 . Camai	0	\$150,022	\$169,033	\$244,869	\$316,631	\$290,997	\$215,492	\$333,499	\$258,967	\$246,122	\$246,782
7 . C. Smythe	\$1,234,119	\$1,507,368	\$1,563,107	\$1,536,488	\$1,595,845	\$1,731,262	\$1,536,388	\$1,678,754	\$1,718,056	\$1,883,520	\$1,809,763
8 ERA-Bush 1/	\$1,196,513	\$1,360,536	\$1,192,367	\$1,250,030	\$1,293,542	\$1,360,157	\$1,193,374	\$1,158,772	\$1,265,057	\$1,259,261	\$1,464,447
9 Frontier	\$541,176	\$1,016,285	\$924,540	\$842,869	\$1,113,161	\$1,327,767	\$1,522,471	\$1,582,012	\$1,878,939	\$1,607,510	\$1,741,547
10 . Grant	0	0	0	0	0	0	\$314,886	\$618,912	\$708,284	\$823,405	\$1,186,940
11 Hageland	0	0	0	0	\$394,178	\$491,142	\$668,617	\$983,661	\$1,511,469	\$1,668,781	\$1,473,255
12 . Ketchikan	\$162,320	\$217,375	\$243,822	\$332,315	\$439,774	\$429,014	\$451,931	\$631,989	0	0	0
13 . Larrys	\$454,616	\$561,145	\$649,570	\$650,150	\$624,930	\$597,413	\$581,069	\$630,989	\$637,420	\$724,572	\$667,001
14 . MarkAir	\$1,260,706	\$1,532,451	\$3,174,889	\$3,580,404	\$3,273,431	\$3,259,227	\$3,852,509	0	0	0	0
15 Peninsula	\$2,250,110	\$2,184,025	\$2,170,875	\$1,812,994	\$2,023,615	\$2,234,496	\$2,353,471	\$2,887,413	\$3,498,157	\$3,458,677	\$3,339,460
16 . Tanana	\$74,022	\$138,632	\$174,715	\$191,937	\$268,508	\$221,539	\$213,094	\$305,315	\$360,315	\$359,249	\$401,352
17 Taquan	\$	\$	\$426,967	\$656,227	\$716,421	\$556,761	\$679,149	\$812,049	\$1,095,632	\$1,145,396	\$1,085,284
18 Temsco	\$720,023	\$839,519	\$699,666	0	0	0	0	0	0	0	0
19 Warbelows	\$	\$	\$164,979	\$273,323	\$388,802	\$559,104	\$691,558	\$986,751	\$1,162,981	\$1,032,794	\$1,008,653
20 . Wings	\$421,364	\$475,994	\$391,385	\$418,465	\$542,740	\$549,073	\$503,392	\$537,034	\$493,137	\$444,914	\$489,024
21 Wright	\$321,149	\$325,299	\$362,323	\$366,769	\$357,818	\$392,308	\$388,849	\$438,891	\$478,569	\$440,259	\$412,083
22 Yute	0	0	\$747,919	\$911,467	\$998,077	\$1,019,879	\$897,886	\$1,131,193	\$1,117,553	\$1,014,370	0
Total Fuel Expense	\$10,646,614	\$12,871,395	\$15,918,653	\$16,202,456	\$17,804,659	\$18,893,623	\$19,103,761	\$17,935,156	\$19,619,230	\$19,368,569	\$18,190,628
Total Bush Hours											
from Page (4)	196,246	225,268	255,315	274,885	299,826	321,355	326,973	282,711	278,077	282,327	259,694
unit cost per											
Hour for Fuel	\$54.25	\$57.14	\$62.35	\$58.94	\$59.38	\$58.79	\$58.43	\$63.44	\$70.55	\$68.60	\$70.05

1/ Includes expenses reported for Twin Otters, DC-3, and King Air aircraft. Excludes expenses reported for DH8-100 and CV-580 mainline aircraft

INTRA-ALASKA BUSH SERVICE MAIL RATES
Summary of Carriers' Non-Fuel Portion of Linehaul Expenses

	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE
	09/30/1989	09/30/1990	09/30/1991	09/30/1992	09/30/1993	09/30/1994	09/30/1995	09/30/1996	09/30/1997	09/30/1998	09/30/1999
1 . A. Island Air	\$160,310	\$111,455	\$55,301	\$127,558	\$651,607	\$1,039,624	0	0	0	0	0
2 . Arctic Circle	\$239,635	\$782,942	\$1,520,501	\$1,931,882	\$1,828,908	\$1,883,867	\$1,904,437	\$2,189,676	\$2,228,293	\$2,573,369	\$2,911,816
3 . Arctic Tpt.	\$1,358,331	\$1,821,722	\$1,953,680	\$2,277,146	\$2,186,356	\$2,556,934	\$2,012,910	\$2,016,154	\$2,158,418	\$2,314,194	\$2,359,695
4 . Baker	\$1,067,203	\$1,402,452	\$1,218,598	\$1,347,122	\$1,351,126	\$1,399,824	\$1,379,173	\$2,069,817	\$2,261,396	\$2,435,385	\$1,041,175
5 . Bering	\$2,481,181	\$2,812,566	\$3,386,937	\$3,754,937	\$2,859,102	\$3,467,595	\$3,111,071	\$3,740,304	\$3,640,136	\$3,811,890	\$4,500,081
6 . Camai		\$637,824	\$879,830	\$1,115,325	\$1,205,524	\$1,187,038	\$696,602	\$984,870	\$952,933	\$1,142,758	\$1,188,491
7 . C. Smythe	\$2,746,307	\$3,383,807	\$3,545,673	\$3,729,951	\$3,878,774	\$4,400,387	\$4,200,724	\$4,939,512	\$4,997,528	\$5,626,645	\$5,152,718
8 . ERA-Bush	\$2,916,803	\$3,638,343	\$3,140,350	\$3,740,563	\$3,663,912	\$4,108,645	\$4,573,631	\$5,421,211	\$6,077,780	\$6,695,915	\$7,009,555
9 . Frontier	\$1,706,108	\$2,987,463	\$3,512,016	\$2,862,192	\$2,938,575	\$3,665,967	\$3,571,471	\$3,399,537	\$4,175,453	\$4,677,890	\$6,574,019
10 . Grant	0	0	0	0	0	0	\$989,281	\$1,552,176	\$1,634,068	\$2,067,353	\$3,671,933
11 . Hageland	0	0	0	0	\$1,615,947	\$2,103,566	\$2,891,130	\$4,172,072	\$5,276,921	\$5,640,262	\$5,953,480
12 . Ketchikan	\$592,618	\$1,066,772	\$1,310,925	\$1,968,661	\$2,216,911	\$2,456,201	\$2,078,166	\$3,052,466	0	0	0
13 . Larrys	\$1,447,039	\$1,613,349	\$1,723,459	\$1,933,824	\$1,972,039	\$1,939,067	\$1,964,963	\$2,140,351	\$2,273,726	\$2,332,341	\$2,705,169
14 . MarkAir	\$6,687,535	\$8,162,304	\$13,527,315	\$16,034,911	\$14,270,150	\$15,340,457	\$16,979,907	0	0	0	\$0
15 . Peninsula	\$8,826,400	\$8,824,955	\$8,061,162	\$8,196,228	\$8,686,861	\$9,598,516	\$9,692,809	\$12,518,111	\$15,502,064	\$18,727,182	\$19,174,254
16 . Tanana	\$198,723	\$374,812	\$544,831	\$579,418	\$729,792	\$707,757	\$614,431	\$823,773	\$844,928	\$972,203	\$1,181,709
17 . Taquan	0	0	\$1,336,077	\$2,579,295	\$2,824,827	\$2,563,742	\$3,125,506	\$3,565,626	\$4,315,825	\$5,172,303	\$5,528,676
18 . Temsco	\$2,220,720	\$3,171,681	\$2,780,131	0	0	0	0	0	0	0	0
19 . Warbelows	0	0	\$319,414	\$713,905	\$929,483	\$1,499,133	\$1,777,365	\$2,124,111	\$2,724,393	\$2,899,505	\$2,754,851
20 . wings	\$1,301,611	\$1,529,639	\$1,797,838	\$1,473,722	\$1,851,958	\$2,202,820	\$1,899,445	\$1,781,217	\$2,086,952	\$2,495,120	\$2,602,116
21 . Wright	\$1,033,059	\$1,185,865	\$1,338,573	\$1,478,289	\$1,451,216	\$1,539,992	\$1,440,395	\$1,423,608	\$1,486,578	\$1,827,527	\$2,348,405
22 . Yute	0	0	\$1,671,102	\$2,578,751	\$3,082,968	\$3,483,807	\$3,195,345	\$4,142,897	\$4,169,678	\$3,297,011	0
Total WC less Fuel	\$34,983,583	\$43,507,951	\$53,623,713	\$58,423,680	\$60,196,036	\$67,144,939	\$68,098,762	\$62,057,489	\$66,807,070	\$74,708,853	\$76,658,143
Total Bush Hours											
from Page (4)	196,246	225,268	255,315	274,885	299,826	321,355	326,973	282,711	278,077	282,327	259,694
Unit Cost per Hour											
for Non-Fuel	\$178.26	\$193.14	\$210.03	\$212.54	\$200.77	\$208.94	\$208.27	\$219.51	\$240.25	\$264.62	\$295.19

INTRA-ALASKA BUSH SERVICE MAIL RATES
Summary of Carrier Fuel + Non-fuel Linehaul Expenses 1/

	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE
	<u>09/30/1989</u>	<u>09/30/1990</u>	<u>09/30/1991</u>	<u>09/30/1992</u>	<u>09/30/1993</u>	<u>09/30/1994</u>	<u>09/30/1995</u>	<u>09/30/1996</u>	<u>09/30/1997</u>	<u>09/30/1998</u>	<u>09/30/1999</u>
1 . A. Island Air	\$195,496	\$134,911	\$71,246	\$158,943	\$922,439	\$1,502,905	\$	S	S	S	\$
2 Arctic Circle	\$284,385	\$1,018,826	\$1,941,932	\$2,365,145	\$2,260,817	\$2,327,659	\$2,395,197	\$2,722,732	\$2,731,065	\$3,101,551	\$3,496,748
3 Arctic Tpt.	\$1,913,459	\$2,529,422	\$2,660,580	\$3,064,855	\$3,013,786	\$3,502,711	\$2,628,329	\$2,597,726	\$2,749,058	\$2,961,930	\$2,980,414
4 . Baker	\$1,553,194	\$1,921,684	\$1,749,084	\$1,959,816	\$2,083,428	\$2,096,563	\$1,963,308	\$2,677,083	\$3,078,495	\$3,088,289	\$1,291,838
5 . Bering	\$3,370,622	\$3,889,038	\$4,574,671	\$5,024,035	\$4,053,815	\$4,791,490	\$4,460,382	\$5,236,332	\$5,164,319	\$5,242,807	\$5,908,804
6 . Camai	S	\$787,846	\$1,048,863	\$1,360,194	\$1,522,155	\$1,478,035	\$912,094	\$1,318,369	\$1,211,900	\$1,388,880	\$1,435,273
7 . C. Smythe	\$3,980,426	\$4,891,175	\$5,108,780	\$5,266,439	\$5,474,619	\$6,131,649	\$5,737,112	\$6,618,266	\$6,715,584	\$7,510,165	\$6,962,481
8 . ERA	\$4,113,316	\$4,998,879	\$4,332,717	\$4,990,593	\$4,957,454	\$5,468,802	\$5,767,005	\$6,579,983	\$7,342,837	\$7,955,176	\$8,474,002
9 Frontier	\$2,247,284	\$4,003,748	\$4,436,556	\$3,705,061	\$4,051,736	\$4,993,734	\$5,093,942	\$4,981,549	\$6,054,392	\$6,285,400	\$8,315,566
10 Grant	\$	\$	S	\$	\$	\$	\$1,304,167	\$2,171,088	\$2,342,352	\$2,890,758	\$4,858,873
11 Hageland	\$	\$	\$	S	\$2,010,125	\$2,594,708	\$3,559,747	\$5,155,733	\$6,788,390	\$7,309,043	\$7,426,735
12 . Ketchikan	\$754,938	\$1,284,147	\$1,554,747	\$2,300,976	\$2,656,685	\$2,885,215	\$2,530,097	\$3,684,455	\$	\$	\$
13 . Larrys	\$1,901,655	\$2,174,494	\$2,373,029	\$2,583,974	\$2,596,969	\$2,536,480	\$2,546,032	\$2,771,340	\$2,911,146	\$3,056,913	\$3,372,170
14 . MarkAir	\$7,948,241	\$9,694,755	\$16,702,204	\$19,615,315	\$17,543,581	\$18,599,684	\$20,832,416	\$	\$	\$	\$
15 Peninsula	\$11,076,510	\$11,008,980	\$10,232,037	\$10,009,222	\$10,710,476	\$11,833,012	\$12,046,280	\$15,405,524	\$19,000,221	\$22,185,859	\$22,513,714
16 . Tanana	\$272,745	\$513,444	\$719,546	\$771,355	\$998,300	\$929,296	\$827,525	\$1,129,088	\$1,205,243	\$1,331,452	\$1,583,061
17 . Taquan	\$	S	\$1,763,044	\$3,235,522	\$3,541,248	\$3,120,503	\$3,804,655	\$4,377,675	\$5,411,457	\$6,317,699	\$6,613,960
18 Temsco	\$2,940,743	\$4,011,200	\$3,479,797	\$	S	\$	\$	\$	\$	\$	\$
19 Warbelows	\$	\$	\$484,393	\$987,228	\$1,318,285	\$2,058,237	\$2,468,923	\$3,110,862	\$3,887,374	\$3,932,299	\$3,763,504
20 . Wings	\$1,722,975	\$2,005,633	\$2,189,223	\$1,892,187	\$2,394,698	\$2,751,893	\$2,402,837	\$2,318,251	\$2,580,089	\$2,940,034	\$3,091,140
21 wright	\$1,354,208	\$1,511,164	\$1,700,896	\$1,845,058	\$1,809,034	\$1,932,300	\$1,829,244	\$1,862,499	\$1,965,147	\$2,267,786	\$2,760,488
22 Yute	\$	\$	\$2,419,021	\$3,490,218	\$4,081,045	\$4,503,686	\$4,093,231	\$5,274,090	\$5,287,231	\$4,311,381	\$

Fuel & Non-Fuel Line

Haul Expense	\$45,630,197	\$56,379,346	\$69,542,366	\$74,626,136	\$78,000,695	\$86,038,562	\$87,202,523	\$79,992,645	\$86,426,300	\$94,077,422	\$94,848,771
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INTRA-ALASKA BUSH SERVICE MAIL RATES
Summary of Block Hours by Carrier

	YE <u>09/30/1989</u>	YE <u>09/30/1990</u>	YE <u>09/30/1991</u>	YE <u>09/30/1992</u>	YE <u>09/30/1993</u>	YE <u>09/30/1994</u>	YE <u>09/30/1995</u>	YE <u>09/30/1996</u>	YE <u>09/30/1997</u>	YE <u>09/30/1998</u>	YE <u>09/30/1999</u>
1 A. Island Air	1,209	764	293	791	4,329	4,706	0	0	0	0	0
2 Arctic Circle	1,566	4,755	6,644	7,045	6,844	7,942	8,287	8,569	7,802	8,390	8,581
3 Arctic Tpt.	13,499	15,209	14,342	15,403	16,008	19,233	12,002	10,099	9,723	9,171	8,307
4 . Baker	10,462	9,266	7,821	9,483	9,173	9,675	8,803	8,010	9,334	6,153	4,043
5 . Bering	15,378	15,249	14,332	14,354	12,503	13,108	13,331	14,382	14,020	13,633	13,722
6 . Camai	0	4,887	4,982	6,601	7,420	6,058	5,616	9,034	7,964	6,169	6,608
7 . C. Smythe	16,075	17,693	19,026	17,827	17,320	18,279	16,792	17,600	17,223	17,837	17,237
8 ERA, Bush	15,214	14,840	12,001	15,028	16,427	16,022	13,547	12,281	13,334	13,157	16,104
9 . Frontier	8,460	11,865	11,863	12,028	14,572	17,843	18,609	18,734	19,217	20,579	20,975
10 . Grant	0	0	0	0	0	0	5,717	8,855	8,679	10,913	17,940
11 Hageland	0	0	0	0	10,374	12,539	17,293	22,891	25,485	23,488	22,860
12 Ketchikan	5,287	6,626	7,125	9,563	11,088	11,692	12,714	15,798	0	0	0
13 . Larrys	10,707	11,590	11,739	11,545	10,897	10,874	9,985	10,746	10,420	11,945	12,008
14 . MarkAir	33,715	39,591	53,914	62,620	60,322	62,544	72,883	0	0	0	0
15 Peninsula	29,880	31,450	29,793	28,216	29,312	31,827	31,055	35,404	39,811	44,302	46,130
16 . Tanana	2,659	4,735	5,406	5,333	6,424	5,897	6,067	7,403	7,419	8,331	9,040
17 . Taquan	0	0	10,052	16,140	16,916	16,190	16,494	18,765	21,566	21,965	18,684
18 Temsco	13,975	15,845	11,657	0	0	0	0	0	0	0	0
19 Warbelows	0	0	3,083	5,627	7,863	11,220	12,118	14,581	15,859	17,172	15,018
20 . Wings	12,802	13,303	11,582	11,177	12,949	12,714	11,547	11,700	11,289	11,371	12,542
21 . Wright	5,358	7,600	7,828	7,431	6,876	7,577	7,353	7,676	8,434	9,276	9,895
22 Yute	0	0	11,832	18,673	22,209	25,415	26,760	30,183	30,498	28,475	0
Total Bush Hours	196,246	225,268	255,315	274,885	299,826	321,355	326,973	282,711	278,077	282,327	259,694

INTRA-ALASKA BUSH SERVICE MAIL RATES COST ADJUSTMENT FACTORS
G&A as a Percentage of Operating Expense less G&A 1/

	YE 09/30/1989	YE 09/30/1990	YE 09/30/1991	YE 09/30/1992	YE 09/30/1993	YE 09/30/1994	YE 09/30/1995	YE 09/30/1996	YE 09/30/1997	YE 09/30/1998	YE 09/30/1999
1 A. Island Air	13.67%	12.05%	8.67%	16.32%	15.03%	9.63%	0.00%	0.00%	0.00%	0.00%	0.00%
2 Arctic Circle	18.63%	19.56%	13.11%	12.24%	11.60%	9.62%	10.46%	11.37%	13.01%	11.95%	10.58%
3 Arctic Tpt.	23.34%	22.97%	21.91%	23.14%	17.83%	14.30%	15.70%	16.67%	17.26%	19.12%	15.62%
4 . Baker	20.53%	16.88%	21.57%	19.49%	16.13%	19.14%	21.67%	15.21%	14.86%	35.17%	48.62%
5 . Bering	11.51%	5.33%	6.52%	9.93%	14.40%	14.10%	13.14%	11.75%	11.77%	13.31%	9.88%
6 . Camai	0.00%	15.82%	21.82%	29.00%	15.83%	16.02%	31.64%	15.46%	28.87%	31.09%	30.24%
7 . C. Smythe	14.05%	10.30%	14.23%	12.58%	12.70%	13.27%	12.56%	11.47%	14.65%	12.13%	10.76%
8 ERA-Bush	15.54%	16.68%	18.23%	18.95%	16.90%	16.38%	15.56%	15.50%	10.95%	20.81%	22.96%
9 Frontier	18.86%	15.86%	13.86%	15.43%	14.47%	13.85%	12.17%	11.74%	13.30%	12.54%	10.44%
JO Grant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	15.58%	16.80%	26.59%	23.37%	19.97%
11 Hageland	0.00%	0.00%	0.00%	0.00%	12.23%	13.66%	9.04%	11.31%	7.64%	10.54%	9.52%
12 . Ketchikan	46.84%	27.69%	17.37%	13.08%	15.02%	10.32%	18.94%	8.87%	0.00%	0.00%	0.00%
13 . Larrys	5.09%	4.06%	5.55%	8.07%	7.03%	8.18%	6.70%	6.05%	7.94%	7.54%	4.88%
14 MarkAir	6.89%	6.37%	5.76%	4.40%	3.36%	2.76%	3.20%	0.00%	0.00%	0.00%	0.00%
15 Peninsula	11.52%	13.22%	17.11%	14.34%	15.26%	13.81%	14.96%	12.96%	11.82%	12.70%	11.70%
16 . Tanana	24.80%	19.03%	17.15%	17.26%	16.61%	14.54%	17.43%	15.42%	19.34%	20.64%	26.19%
17 . Taquan	0.00%	0.00%	14.56%	21.35%	20.43%	30.92%	33.85%	17.42%	25.39%	23.41%	21.23%
18 Temsco	19.18%	21.07%	18.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19 . Warbelows	0.00%	0.00%	31.09%	23.90%	22.22%	26.88%	24.80%	16.38%	20.08%	18.11%	13.99%
20 . Wings	30.18%	21.05%	19.12%	21.11%	20.77%	15.95%	13.17%	11.30%	11.50%	9.93%	7.99%
21 . Wright	25.17%	20.95%	25.52%	18.74%	15.74%	15.79%	22.85%	15.96%	20.80%	23.88%	14.67%
22 . Yute	0.00%	0.00%	32.14%	31.07%	37.00%	21.74%	15.79%	12.39%	14.95%	14.20%	0.00%

1/ See Appendix E, Page 3

2/ G&A is used interchangeably, here and elsewhere, with Capacity Related Expense, which is reported on the carriers' F-2.

INTRA-ALASKA BUSH SERVICE MAIL RATES COST ADJUSTMENT FACTORS

G&A Assignable to Linehaul (Total Direct Expense Multiplied by G&A Percent) 1/

	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE
	09/30/1989	09/30/1990	09/30/1991	09/30/1992	09/30/1993	09/30/1994	09/30/1995	09/30/1996	09/30/1997	09/30/1998	09/30/1999
1 A . Island Air	\$26,724	\$16,257	\$6,177	\$25,939	\$138,643	\$144,730	0	0	0	0	0
2 Arctic Circle	\$52,981	\$199,282	\$254,587	\$289,494	\$262,255	\$223,921	\$250,538	\$309,575	\$355,312	\$370,635	\$369,956
3 Arctic Tpt.	\$446,601	\$581,008	\$582,933	\$709,207	\$537,358	\$500,888	\$412,648	\$433,041	\$474,487	\$566,321	\$465,541
4 Baker	\$318,871	\$324,380	\$377,277	\$381,968	\$336,057	\$401,282	\$425,449	\$407,184	\$457,464	\$1,086,151	\$628,092
5 Bering	\$387,959	\$207,286	\$298,269	\$498,887	\$583,749	\$675,600	\$586,094	\$615,269	\$607,840	\$697,818	\$583,790
6 Camai	0	\$124,637	\$228,862	\$394,456	\$240,957	\$236,781	\$288,587	\$203,820	\$349,876	\$431,803	\$434,027
7 C. Smythe	\$559,250	\$503,791	\$726,979	\$662,518	\$695,277	\$813,670	\$720,581	\$759,115	\$983,833	\$910,983	\$749,163
8 ERA-Bush	\$639,209	\$833,813	\$789,854	\$945,717	\$837,810	\$895,790	\$897,346	\$1,019,897	\$804,041	\$1,655,472	\$1,945,631
9 Frontier	\$423,838	\$634,994	\$614,907	\$571,691	\$586,286	\$691,632	\$619,933	\$584,834	\$805,234	\$788,189	\$868,145
10 Grant	0	0	0	0	0	0	\$203,189	\$364,743	\$622,831	\$675,570	\$970,317
11 Hageland	0	0	0	0	\$245,838	\$354,437	\$321,801	\$583,113	\$518,633	\$770,373	\$707,025
12 Ketchikan	\$353,613	\$355,580	\$270,060	\$300,968	\$399,034	\$297,754	\$479,200	\$326,811	0	0	0
13 Larrys	\$96,794	\$88,284	\$131,703	\$208,527	\$182,567	\$207,484	\$170,584	\$167,666	\$231,145	\$230,491	\$164,562
14 MarkAir	\$547,634	\$617,556	\$962,047	\$863,074	\$589,464	\$513,351	\$666,637	0	0	0	0
15 Peninsula	\$1,276,014	\$1,455,387	\$1,750,702	\$1,435,322	\$1,634,419	\$1,634,139	\$1,802,123	\$1,996,556	\$2,245,826	\$2,817,604	\$2,634,105
16 Tanana	\$67,641	\$97,708	\$123,402	\$133,136	\$165,818	\$135,120	\$144,238	\$174,105	\$233,094	\$274,812	\$414,604
17 Taquan	0	0	\$256,699	\$690,784	\$723,477	\$964,860	\$1,287,876	\$762,591	\$1,373,969	\$1,478,973	\$1,404,144
18 Temsco	\$564,035	\$845,160	\$629,843	0	0	0	0	0	0	0	0
19 Warbelows	0	0	\$150,598	\$235,947	\$292,923	\$553,254	\$612,293	\$509,559	\$780,585	\$712,139	\$526,514
20 Wings	\$519,994	\$422,186	\$418,579	\$399,441	\$497,379	\$438,927	\$316,454	\$261,962	\$296,710	\$291,945	\$246,982
21 wright	\$340,854	\$316,589	\$434,069	\$345,764	\$284,742	\$305,110	\$417,982	\$297,255	\$408,751	\$541,547	\$404,964
22 Yute	0	0	\$777,473	\$1,084,411	\$1,509,987	\$979,101	\$646,321	\$653,460	\$790,441	\$612,216	0
Total Line-Haul G&A Expense	\$6,622,012	\$7,623,898	\$9,785,020	\$10,177,251	\$10,744,040	\$10,967,831	\$11,269,874	\$10,430,556	\$12,340,072	\$14,913,042	\$13,517,562
Total Bush Hours from Page (4)	196,246	225,268	255,315	274,885	299,826	321,355	326,973	282,711	278,077	282,327	259,694
Unit Cost per Hour, G&A Only	\$33.74	\$33.84	\$38.33	\$37.02	\$35.83	\$34.13	\$34.47	\$36.89	\$44.38	\$52.82	\$52.05

1/ Page 3 multiplied by page 5.

INTRA-ALASKA BUSH SERVICE MAIL RATES COST ADJUSTMENT FACTORS
Non-Fuel Linehaul Expense plus All G&A Allocable to Linehaul 1/

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
	A. Island Air	Arctic Circle	Arctic Tpc.	Baker	Bering	Camai	C. Smythe	ERA	Fronder	Grant	Hageland	Ketchikan	Larrys	MarkAir	Peninsula	Tanana	Taqnan	Temasco	Wardelows	Wings	Wright	Yule
	09/30/1989	\$292,616	\$1,804,932	\$1,386,074	\$2,869,140	\$762,461	\$3,305,557	\$3,556,012	\$2,129,946	0	0	\$946,231	\$1,543,833	\$7,235,169	\$10,102,414	\$266,364	0	\$2,784,755	0	\$1,821,605	\$1,373,913	0
	\$187,034	\$127,712	\$61,478	\$153,497	\$790,250	\$1,184,354	\$2,154,975	\$2,449,251	\$2,583,605	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	09/30/1990	\$982,224	\$2,402,730	\$1,726,832	\$3,019,852	\$1,108,692	\$4,272,652	\$4,930,204	\$4,126,923	0	0	\$1,580,985	\$1,701,633	\$8,779,860	\$9,811,864	\$668,233	\$1,592,776	\$3,409,974	0	\$1,951,825	\$1,502,454	0
	09/30/1991	\$1,775,088	\$2,596,613	\$1,595,875	\$3,685,206	\$1,509,781	\$4,392,469	\$4,686,280	\$3,433,883	0	0	\$2,269,629	\$2,142,351	\$16,897,985	\$9,631,550	\$712,554	\$3,548,304	\$3,270,079	0	\$1,873,163	\$2,216,417	0
	09/30/1992	\$2,221,376	\$2,991,163	\$1,729,090	\$4,253,824	\$1,446,481	\$4,574,051	\$4,501,722	\$3,524,861	0	0	\$1,861,785	\$2,154,606	\$14,859,614	\$10,321,280	\$895,610	\$3,528,602	\$3,409,974	0	\$1,824,053	\$2,349,337	0
	09/30/1993	\$790,250	\$1,184,354	\$1,801,106	\$4,143,195	\$3,697,165	\$4,921,305	\$5,004,435	\$4,357,599	0	0	\$2,458,003	\$2,146,551	\$15,853,808	\$11,232,655	\$842,877	\$3,528,602	\$3,409,974	0	\$1,735,958	\$2,641,747	0
	09/30/1994	\$2,723,714	\$3,057,822	\$1,804,622	\$4,355,573	\$1,188,690	\$5,698,627	\$6,441,108	\$3,984,371	\$1,192,470	\$3,212,931	\$2,557,366	\$2,135,547	\$11,494,932	\$14,514,667	\$997,878	\$4,413,382	\$4,328,217	0	\$2,043,179	\$1,720,863	0
	09/30/1995	\$2,154,975	\$2,449,195	\$2,477,001	\$4,247,976	\$1,302,809	\$5,981,361	\$6,881,821	\$4,980,687	\$2,256,899	\$4,755,185	\$3,379,277	\$2,308,017	\$17,747,890	\$17,747,890	\$1,078,022	\$4,328,217	\$5,689,794	0	\$2,383,662	\$2,787,065	0
	09/30/1996	\$2,583,605	\$2,944,004	\$3,632,905	\$2,718,860	\$3,521,536	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1997	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1998	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4,302,809	\$5,981,361	\$8,351,387	\$5,466,079	\$4,642,250	\$6,660,505	\$6,410,635	\$6,651,276	\$6,651,276	0	\$3,611,644	\$3,281,365	0
	09/30/1999	\$2,944,004	\$3,281,772	\$2,825,236	\$1,669,267	\$4,509,708	\$5,083,871	\$1,622,518	\$1,574,561	\$4												

INTRA-ALASKA BUSH SERVICE MAIL RATES

Total Departure Related Expense

		YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE
		09/30/1989	09/30/1990	09/30/1991	09/30/1992	09/30/1993	09/30/1994	09/30/1995	09/30/1996	09/30/1997	09/30/1998	09/30/1999
J	Alaska Island	\$21,652	\$20,600	\$8,290	\$34,463	\$207,005	\$449,389	0	0	0	0	0
2	Arctic Circle	\$93,897	\$297,505	\$505,190	\$613,859	\$658,392	\$669,037	\$780,404	\$842,988	\$899,168	\$861,087	\$995,787
3	Arctic Tpt.	\$1,296,698	\$1,532,638	\$1,511,618	\$1,762,426	\$1,855,568	\$2,073,924	\$2,018,919	\$2,090,340	\$2,445,415	\$2,267,035	\$2,098,792
4	Baker	\$351,276	\$593,525	\$315,409	\$509,111	\$428,799	\$443,263	\$470,666	\$366,253	\$529,881	\$493,983	\$490,329
5	Bering	\$689,765	\$516,608	\$597,474	\$675,551	\$544,712	\$1,331,410	\$1,330,368	\$1,471,556	\$1,557,595	\$1,534,357	\$862,123
6	Camai	\$	\$290,681	\$273,065	\$312,055	\$429,099	\$360,126	\$212,243	\$478,319	\$268,491	\$384,856	\$522,648
7	Cape Smythe	\$1,396,091	\$1,678,343	\$1,809,074	\$2,041,196	\$2,117,782	\$2,075,246	\$1,950,757	\$1,814,563	\$2,235,682	\$2,471,055	\$1,980,381
8	ERA (System)	\$2,343,852	\$2,894,734	\$3,215,456	\$3,249,264	\$3,674,883	\$4,159,944	\$4,697,487	\$4,916,906	\$5,383,906	\$2,561,831	\$2,758,425
9	Frontier	\$416,145	\$659,643	\$947,465	\$960,847	\$1,097,912	\$1,194,588	\$1,597,546	\$1,448,179	\$1,823,221	2,070,472	\$2,525,953
10	Grant	\$	\$	\$	\$	\$	\$	\$193,179	\$505,986	\$473,254	\$605,743	\$859,635
11	Hageland	\$	\$	\$	\$	\$475,700	\$779,212	\$1,138,169	\$1,557,531	\$2,004,469	\$2,577,072	\$2,554,814
12	Ketchikan	\$65,261	\$354,993	\$653,294	\$1,321,921	\$1,020,889	\$1,101,700	\$1,042,001	\$1,652,974	\$	\$	0
13	Larrys	\$263,930	\$609,548	\$734,134	\$705,602	\$835,916	\$875,036	\$952,856	\$900,237	\$1,003,852	\$1,113,275	\$960,654
14	MarkAir	\$2,800,440	\$3,749,998	\$4,705,448	\$5,944,923	\$5,655,402	\$5,360,961	\$7,147,924	\$	\$	\$	0
15	Peninsula	\$2,467,210	\$2,866,663	\$2,407,861	\$2,625,240	\$2,625,735	\$3,129,990	\$3,341,740	\$4,309,236	\$5,028,363	\$4,928,452	\$5,320,462
16	Tanana	\$76,571	\$158,363	\$259,949	\$157,739	\$253,368	\$256,128	\$222,689	\$305,213	\$344,866	\$370,456	\$355,769
17	Taquan	\$	\$	\$643,798	\$1,098,539	\$1,543,913	\$1,362,711	\$1,008,678	\$1,237,978	\$1,601,653	\$2,176,958	\$2,066,122
18	Temsko	\$1,288,644	\$1,735,420	\$1,728,701	\$	\$	\$	\$	\$	\$	\$	0
19	Warbelows	\$	\$	\$105,489	\$152,889	\$169,162	\$309,536	\$466,368	\$601,539	\$728,380	\$763,989	\$470,156
20	Wings	\$510,918	\$671,757	\$878,759	\$815,058	\$774,614	\$594,367	\$695,058	\$688,284	\$757,247	\$797,775	\$810,295
21	Wright	\$101,716	\$153,376	\$227,232	\$212,308	\$221,737	\$201,850	\$212,040	\$283,954	\$302,582	\$294,311	\$278,791
22	Yute	a	\$	\$390,375	\$895,687	\$1,271,311	\$1,234,266	\$1,650,384	\$1,821,011	\$1,531,969	\$1,787,353	0
Total		\$14,184,066	\$18,784,395	\$21,918,081	\$24,088,678	\$25,861,899	\$27,962,684	\$31,129,476	\$27,293,047	\$28,919,994	\$28,060,060	\$25,911,136
WM.	Deps from Page 4.	438,207	507,798	616,655	665,889	691,633	741,325	756,121	633,436	649,932	676,835	609,382
Total Unit Cost per												
Wtd. Departure		\$32.37	\$36.99	\$35.54	\$36.18	\$37.39	\$37.72	\$41.17	\$43.09	\$44.50	\$41.46	\$42.52

INTRA-ALASKA RUSH SERVICE MAIL RATES COST ADJUSTMENT FACTORS

G&A as a Percentage of Operating Expense less G&A 1/

		YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE
		09/30/1989	09/30/1990	09/30/1991	09/30/1992	09/30/1993	09/30/1994	09/30/1995	09/30/1996	09/30/1997	09/30/1998	09/30/1999
1	Alaska Island	13.67%	12.05%	8.67%	16.32%	15.03%	9.63%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Arctic Circle	18.63%	19.56%	13.11%	12.24%	11.60%	9.62%	10.46%	11.37%	13.01%	11.95%	10.58%
3	Arctic Tpt.	23.34%	22.97%	21.91%	23.14%	17.83%	14.30%	15.70%	16.67%	17.26%	19.12%	15.62%
4	Baker	20.53%	16.88%	21.57%	19.49%	16.13%	19.14%	21.67%	15.21%	14.86%	35.17%	48.62%
5	Bering	11.51%	5.33%	6.52%	9.93%	14.40%	14.10%	13.14%	11.75%	11.77%	13.31%	9.88%
6	Camai	0.00%	15.82%	21.82%	29.00%	15.83%	16.02%	31.64%	15.46%	28.87%	31.09%	30.24%
7	Cape Smythe	14.05%	10.30%	14.23%	12.58%	12.70%	13.27%	12.56%	11.47%	14.65%	12.13%	10.76%
8	ERA (System)	15.54%	16.68%	18.23%	18.95%	16.90%	16.38%	15.56%	15.50%	10.95%	20.81%	22.96%
9	Frontier	18.86%	15.86%	13.86%	15.43%	14.47%	13.85%	12.17%	11.74%	13.30%	12.54%	10.44%
10	Grant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	15.58%	16.80%	26.59%	23.37%	19.97%
11	Hageland	0.00%	0.00%	0.00%	0.00%	12.23%	13.66%	9.04%	11.31%	7.64%	10.54%	9.52%
12	Ketchikan	46.84%	27.69%	17.37%	13.08%	15.02%	10.32%	18.94%	8.87%	0.00%	0.00%	0.00%
13	Larrys	5.09%	4.06%	5.55%	8.07%	7.03%	8.18%	6.70%	6.05%	7.94%	7.54%	4.88%
14	MarkAir	6.89%	6.37%	5.76%	4.40%	3.36%	2.76%	3.20%	0.00%	0.00%	0.00%	0.00%
15	Peninsula	11.52%	13.22%	17.11%	14.34%	15.26%	13.81%	14.96%	12.96%	11.82%	12.70%	11.70%
16	Tanana	24.80%	19.03%	17.15%	17.26%	16.61%	14.54%	17.43%	15.42%	19.34%	20.64%	26.19%
17	Taquan	0.00%	0.00%	14.56%	21.35%	20.43%	30.92%	33.85%	17.42%	25.39%	23.41%	21.23%
18	Temco	19.18%	21.07%	18.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Warbelows	0.00%	0.00%	31.09%	23.90%	22.22%	26.88%	24.80%	16.38%	20.08%	18.11%	13.99%
20	Wings	30.18%	21.05%	19.12%	21.11%	20.77%	15.95%	13.17%	11.30%	11.50%	9.93%	7.99%
21	Wright	25.17%	20.95%	25.52%	18.74%	15.74%	15.79%	22.85%	15.96%	20.80%	23.88%	14.67%
22	Yute	0.00%	0.00%	32.14%	31.07%	37.00%	21.74%	15.79%	12.39%	14.95%	14.20%	0.00%

1/ G&A is used interchangeably, here and elsewhere, with Capacity Related Expense, which is reported on the carriers' F-2.

INTRA-ALASKA BUSH SERVICE MAIL RATES
Total Departure Related Expense, Including G&A 1/

	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE
	<u>09/30/1989</u>	<u>09/30/1990</u>	<u>09/30/1991</u>	<u>09/30/1992</u>	<u>09/30/1993</u>	<u>09/30/1994</u>	<u>09/30/1995</u>	<u>09/30/1996</u>	<u>09/30/1997</u>	<u>09/30/1998</u>	<u>09/30/1999</u>
1 Alaska Island	\$24,612	\$23,082	\$9,009	\$40,087	\$238,118	\$492,665	0	0	0	0	0
2 Arctic Circle	\$111,390	\$355,697	\$571,420	\$688,995	\$734,765	\$733,398	\$862,034	\$938,836	\$1,016,150	\$963,987	\$1,101,141
3 Arctic Tpt.	\$1,599,347	\$1,884,685	\$1,842,814	\$2,170,251	\$2,186,416	\$2,370,495	\$2,335,889	\$2,438,800	\$2,867,494	\$2,700,492	\$2,426,623
4 Baker	\$423,393	\$693,712	\$383,443	\$608,337	\$497,964	\$528,104	\$572,659	\$421,960	\$608,621	\$667,717	\$728,727
5 Bering	\$769,157	\$544,143	\$636,429	\$742,633	\$623,151	\$1,519,139	\$1,505,178	\$1,644,464	\$1,740,924	\$1,738,580	\$947,301
6 Camai	0	\$336,667	\$332,648	\$402,551	\$497,025	\$417,818	\$279,397	\$552,267	\$346,004	\$504,508	\$680,697
7 Cape Smythe	\$1,592,242	\$1,851,212	\$2,066,505	\$2,297,978	\$2,386,740	\$2,350,631	\$2,195,772	\$2,022,693	\$2,563,209	\$2,770,794	\$2,193,470
8 ERA (System)	\$2,708,087	\$3,377,576	\$3,801,634	\$3,865,000	\$4,295,938	\$4,841,343	\$5,428,416	\$5,679,026	\$5,973,444	\$3,094,948	\$3,391,759
9 Frontier	\$494,630	\$764,262	\$1,078,784	\$1,109,106	\$1,256,780	\$1,360,038	\$1,791,967	\$1,618,195	\$2,065,709	\$2,330,109	\$2,789,662
10 Grant	0	0	0	0	0	0	\$223,276	\$590,992	\$599,092	\$747,305	\$1,031,304
11 Hageland	0	0	0	0	\$533,878	\$885,652	\$1,241,059	\$1,733,688	\$2,157,610	\$2,848,695	\$2,798,032
12 Ketchikan	\$95,829	\$453,291	\$766,771	\$1,494,828	\$1,174,227	\$1,215,395	\$1,239,356	\$1,799,593	0	0	0
13 Larrys	\$277,364	\$634,296	\$774,878	\$762,544	\$894,681	\$946,614	\$1,016,697	\$954,701	\$1,083,558	\$1,197,216	\$1,007,534
14 MarkAir	\$2,993,390	\$3,988,873	\$4,976,482	\$6,206,500	\$5,845,424	\$5,508,924	\$7,376,658	0	0	0	0
15 Peninsula	\$2,751,433	\$3,245,636	\$2,819,846	\$3,001,699	\$3,026,422	\$3,562,242	\$3,841,664	\$4,867,713	\$5,622,716	\$5,554,365	\$5,942,956
16 Tanana	\$95,561	\$188,499	\$304,530	\$184,965	\$295,452	\$293,369	\$261,504	\$352,277	\$411,563	\$446,918	\$448,945
17 Taquan	0	0	\$737,535	\$1,333,077	\$1,859,334	\$1,784,061	\$1,350,116	\$1,453,634	\$2,008,313	\$2,686,584	\$2,504,760
18 Temsco	\$1,535,806	\$2,101,073	\$2,041,596	0	0	0	0	0	0	0	0
19 Warbelows	0	0	\$138,286	\$189,429	\$206,750	\$392,739	\$582,027	\$700,071	\$874,639	\$902,347	\$535,931
20 Wings	\$665,113	\$813,162	\$1,046,778	\$987,117	\$935,501	\$689,169	\$786,597	\$766,060	\$844,330	\$876,994	\$875,038
21 Wright	\$127,318	\$185,508	\$285,222	\$252,095	\$256,638	\$233,722	\$260,491	\$329,273	\$365,519	\$364,592	\$319,690
22 Yute	0	0	\$515,842	\$1,173,977	\$1,741,696	\$1,502,595	\$1,910,980	\$2,046,634	\$1,760,998	\$2,041,157	0
Total	\$16,264,672	\$21,441,374	\$25,130,452	\$27,511,169	\$29,486,900	\$31,628,113	\$35,061,737	\$30,910,877	\$32,909,893	\$32,437,308	\$29,723,570
ERA--Bush 2/	\$1,538,464	\$1,681,695	\$1,425,233	\$1,855,200	\$2,327,110	\$2,314,162	\$2,048,141	\$2,009,807	\$2,367,873	\$1,231,789	\$1,610,407
Total. Bush Only	\$15,095,049	\$19,745,493	\$22,754,051	\$25,501,369	\$27,518,072	\$29,100,932	\$31,681,462	\$27,241,658	\$29,304,322	\$30,574,149	\$27,942,218

1/ Page 1 increased by the G&A percentage on page 2.

2/ Bush Wtd. Departure percentage on page four times ERA System Departure Expense

INTRA-ALASKA BUSH SERVICE MAIL RATES
Total Weighted Departures by Carrier

	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE
	09/30/1989	09/30/1990	09/30/1991	09/30/1992	09/30/1993	09/30/1994	09/30/1995	09/30/1996	09/30/1997	09/30/1998	09/30/1999
1 Alaska Island	1,102	837	364	1,177	5,362	9,915	0	0	0	0	0
2 Arctic Circle	1,211	9,296	12,870	13,976	13,354	14,861	15,398	17,277	16,250	18,705	18,573
3 Antic Tpt.	24,747	27,771	26,278	29,400	30,397	37,211	23,471	21,236	20,828	18,863	19,595
4 Baker	17,279	15,929	11,431	12,579	14,778	17,363	14,121	16,454	23,457	20,385	11,144
5 Bering	22,539	24,237	24,521	27,377	24,124	25,608	27,531	30,229	29,818	31,435	34,980
6 Camai	0	13,356	12,858	18,602	19,068	15,237	14,803	21,638	16,329	11,156	13,432
7 cape Smythe	25,157	27,385	30,196	33,886	35,763	38,204	33,745	38,068	40,294	41,574	41,246
8 ERA (System)	82,643	90,169	86,467	90,993	89,572	102,259	103,548	99,595	102,733	104,257	99,788
ERA (Bush)	46,946	44,894	32,414	43,680	48,520	48,882	39,070	35,242	40,722	41,499	47,381
% Bush	56.81%	49.79%	37.49%	48.00%	54.17%	47.80%	37.73%	35.39%	39.64%	39.80%	47.48%
9 Frontier	10,982	19,374	19,060	17,963	22,549	25,187	26,457	23,078	22,729	31,059	39,358
10 Grant	0	0	0	0	0	0	10,591	18,036	16,623	21,916	32,521
11 Hageland	0	0	0	0	17,690	29,375	40,647	55,516	66,350	60,014	64,707
12 Ketchikan	10,254	13,731	19,918	21,069	21,689	23,540	27,341	19,684 1/	0	0	0
13 Larrys	12,250	13,676	13,220	15,089	16,551	16,096	15,107	15,559	14,181	17,241	17,404
14 MarkAir	92,930	110,063	175,196	206,085	181,158	167,260	181,871	0	0	0	0
15 Peninsula	69,383	76,146	65,838	70,785	76,467	83,061	80,899	95,397	105,705	107,063	104,335
16 Tanana	3,456	5,965	6,294	7,234	10,573	9,595	9,109	11,310	11,352	13,576	15,193
17 Taquan	0	0	27,854	18,320	20,765	23,616	30,199	38,194	46,674	62,559	35,013
18 Temsco	40,321	33,547	26,998	0	0	0	0	0	0	0	0
19 Warbelows	0	0	3,716	6,382	8,846	12,807	14,195	16,881	18,777	20,384	17,937
20 Wings	20,711	20,618	18,083	19,783	25,047	24,285	22,883	22,904	23,759	24,624	26,689
21 Wright	3,242	5,698	6,275	9,315	10,843	11,587	11,493	12,435	13,794	15,124	17,467
22 Yute	0	0	29,218	45,874	47,037	54,258	52,712	59,945	60,279	56,900	0
Total Wtd. Deps.	438,207	507,798	616,655	665,889	691,633	741,325	756,121	633,436	649,932	676,835	609,382
Wtd. Deps.—Bush Only	402,510	462,523	562,602	618,576	650,581	687,948	691,643	569,083	587,921	614,077	556,975
\$/ Wtd. Dep. 1/	\$37.12	\$42.22	\$40.75	\$41.31	\$42.63	\$42.66	\$46.37	\$48.80	\$50.64	\$47.92	\$48.78
Adj. \$/ Wtd. Dep. 2/	\$37.50	\$42.69	\$40.44	\$41.23	\$42.30	\$42.30	\$45.81	\$47.87	\$49.84	\$49.79	\$50.17

1/ Total departure related expense, including capacity related expense, on page 3, divided by total weighted departures above.

2/ Total, bush only departure related expense, including capacity related expense, on page 3, divided by bush only weighted departures above.

Note: Weights assigned by aircraft type may be found in Order 95-4-22, Appendix E.

INTRA-ALASKA BUSH SERVICE MAIL RATES COST ADJUSTMENT FACTORS
General and Administrative (G&A) Expense 1/

	YE 09/30/1989	YE 09/30/1990	YE 09/30/1991	YE 09/30/1992	YE 09/30/1993	YE 09/30/1994	YE 09/30/1995	YE 09/30/1996	YE 09/30/1997	YE 09/30/1998	YE 09/30/1999
1 A. Island Air	\$33,351	\$25,000	\$8,400	\$31,670	\$170,156	\$195,159	0	0	0	0	0
2 A. Circle	\$80,306	\$259,358	\$322,371	\$367,708	\$343,968	\$296,359	\$341,492	\$415,561	\$482,401	\$487,653	\$488,635
3 Arctic Tpt.	\$804,879	\$970,657	\$952,005	\$1,155,987	\$895,047	\$816,701	\$742,799	\$782,587	\$898,374	\$1,004,752	\$796,802
4 Baker	\$409,539	\$441,680	\$476,987	\$507,643	\$446,448	\$570,742	\$611,710	\$498,837	\$594,104	\$1,269,968	\$869,195
5 Bering	\$564,382	\$279,307	\$389,443	\$632,143	\$758,256	\$893,828	\$804,628	\$828,974	\$837,306	\$952,519	\$766,925
6 Camai	\$	\$175,354	\$298,667	\$492,516	\$315,185	\$305,090	\$389,556	\$291,063	\$477,978	\$559,038	\$600,935
7 C. Smythe	\$766,387	\$690,375	\$1,003,006	\$942,710	\$991,950	\$1,116,317	\$1,011,243	\$1,050,780	\$1,407,418	\$1,300,396	\$1,086,488
8 ERA System	\$2,014,302	\$2,877,919	\$3,698,786	\$3,792,704	\$3,567,974	\$3,878,536	\$4,183,007	\$4,355,043	\$3,667,681	\$6,541,350	\$7,116,494
9 Frontier	\$528,471	\$764,127	\$785,235	\$775,260	\$805,899	\$934,218	\$872,002	\$805,700	\$1,114,878	\$1,153,093	\$1,244,564
10 Grant	\$	0	0	0	0	0	\$257,975	\$497,967	\$826,000	\$909,235	\$1,258,448
11 Hageland	\$	0	0	0	\$316,562	\$477,000	\$437,294	\$782,738	\$692,071	\$1,087,797	\$1,015,684
12 Ketchikan	\$387,336	\$457,487	\$387,148	\$476,479	\$560,316	\$421,625	\$701,629	\$481,015	0	0	0
13 Larrys	\$131,893	\$124,311	\$181,013	\$275,624	\$251,980	\$295,103	\$246,164	\$232,439	\$327,032	\$330,551	\$224,157
14 MarkAir	\$801,615	\$908,328	\$1,312,554	\$1,506,978	\$1,005,155	\$711,448	\$950,354	0	0	0	0
15 Peninsula	\$1,631,940	\$1,915,239	\$2,544,797	\$2,414,816	\$2,389,662	\$2,466,695	\$2,784,670	\$3,125,904	\$3,473,307	\$4,052,185	\$3,833,654
16 Tanana	\$92,639	\$133,714	\$172,502	\$167,783	\$217,915	\$178,259	\$193,012	\$232,039	\$315,027	\$373,143	\$557,825
17 Taquan		0	\$365,993	\$946,181	\$1,086,660	\$1,414,387	\$1,767,922	\$1,105,908	\$2,123,846	\$2,308,249	\$1,993,636
18 Temsco	\$824,431	\$1,219,973	\$978,655	0	0	0	0	0	0	0	0
19 Warbelows	\$	0	\$193,456	\$285,923	\$349,198	\$661,776	\$754,099	\$631,261	\$968,549	\$895,866	\$659,611
20 Wings	\$735,487	\$608,508	\$619,553	\$605,494	\$695,635	\$570,530	\$438,967	\$371,004	\$421,767	\$417,934	\$357,852
21 Wright	\$396,602	\$371,563	\$514,260	\$404,414	\$339,344	\$360,387	\$505,532	\$368,891	\$505,457	\$662,455	\$492,560
22 Yute	\$	0	\$948,279	\$1,387,699	\$2,018,067	\$1,284,314	\$947,421	\$1,047,361	\$1,091,619	\$956,399	0
Total G &A (CR)											
Expense	\$10,203,560	\$12,222,900	\$16,153,110	\$17,169,732	\$17,525,377	\$17,848,474	\$18,941,476	\$17,905,072	\$20,224,815	\$25,262,583	\$23,363,465

1/ G&A is used interchangeably, here and elsewhere, with Capacity Related Expense, which is reported on the carriers' F-2.

2/ Yute's FY 1997 costs are reduced from those reported by the carrier based on Alaska Aviation Field Office report.

INTRA-ALASKA BUSH SERVICE MAIL RATES COST ADJUSTMENT FACTORS

Total Operating Expense, Including G&A

	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE
	<u>09/30/1989</u>	<u>09/30/1990</u>	<u>09/30/1991</u>	<u>09/30/1992</u>	<u>09/30/1993</u>	<u>09/30/1994</u>	<u>09/30/1995</u>	<u>09/30/1996</u>	<u>09/30/1997</u>	<u>09/30/1998</u>	<u>09/30/1999</u>
1 A. Island Air	\$277,319	\$232,511	\$105,336	\$225,712	\$1,301,997	\$2,221,922	0	0	0	0	0
2 A. Circle	\$511,403	\$1,585,544	\$2,781,108	\$3,372,070	\$3,308,099	\$3,375,973	\$3,605,446	\$4,071,904	\$4,191,442	\$4,568,524	\$5,107,387
3 Arctic Tpt.	\$4,252,668	\$5,197,311	\$5,297,231	\$6,151,644	\$5,914,815	\$6,527,297	\$5,474,225	\$5,477,872	\$6,104,280	\$6,259,951	\$5,897,553
4 . Baker	\$2,404,540	\$3,057,775	\$2,688,307	\$3,111,942	\$3,213,722	\$3,552,448	\$3,433,991	\$3,779,313	\$4,592,259	\$4,880,969	\$2,656,989
5 . Bering	\$5,465,718	\$5,522,762	\$6,364,230	\$6,998,037	\$6,022,102	\$7,234,115	\$6,928,196	\$7,881,955	\$7,949,003	\$8,109,628	\$8,526,281
6 . Camai	0	\$1,284,051	\$1,667,672	\$2,190,876	\$2,306,169	\$2,209,100	\$1,620,808	\$2,173,920	\$2,133,459	\$2,357,359	\$2,588,326
7 . C. Smythe	\$6,219,275	\$7,396,218	\$8,052,207	\$8,436,093	\$8,804,846	\$9,531,296	\$9,060,081	\$10,213,280	\$11,012,280	\$12,020,551	\$11,181,771
8 ERA System	\$14,980,011	\$20,126,753	\$23,984,119	\$23,805,507	\$24,680,850	\$27,553,509	\$31,066,810	\$32,454,129	\$37,177,364	\$37,981,227	\$38,108,210
9 . Frontier	\$3,331,112	\$5,582,661	\$6,448,848	\$5,798,585	\$6,374,463	\$7,677,938	\$8,039,453	\$7,671,392	\$9,498,323	10,349,156	\$13,167,671
10 . Grant	0	0	0	0	0	0	\$1,913,569	\$3,462,226	\$3,931,955	\$4,799,136	\$7,561,146
11 Hageland	0	0	0	0	\$2,904,725	\$3,968,932	\$5,275,040	\$7,700,806	\$9,753,020	\$11,404,531	\$11,686,099
12 . Ketchikan	\$1,214,304	\$2,109,511	\$2,616,138	\$4,119,217	\$4,289,744	\$4,505,587	\$4,405,999	\$5,905,574	0	0	0
13 . Larrys	\$2,724,876	\$3,186,214	\$3,444,275	\$3,689,679	\$3,838,722	\$3,903,192	\$3,920,245	\$4,075,279	\$4,448,353	\$4,713,515	\$4,821,860
14 . MarkAir	\$12,431,859	\$15,176,938	\$24,082,894	\$35,727,132	\$30,898,884	\$26,503,165	\$30,667,171	0	0	0	0
15 Peninsula	\$15,795,526	\$16,401,100	\$17,417,202	\$19,256,842	\$18,049,888	\$20,323,067	\$21,404,785	\$27,245,366	\$32,859,241	\$35,956,178	\$36,612,323
16 . Tanana	\$466,194	\$836,264	\$1,178,106	\$1,139,836	\$1,529,600	\$1,403,950	\$1,300,199	\$1,736,839	\$1,943,561	\$2,180,603	\$2,687,887
17 Taquan	0	0	\$2,879,100	\$5,377,673	\$6,405,800	\$5,988,043	\$6,991,018	\$7,454,554	\$10,488,387	\$12,170,089	\$11,386,164
18 Temsco	\$5,122,169	\$7,011,368	\$6,384,987	0	0	0	0	0	0	0	0
19 Warbelows	0	0	\$815,729	\$1,482,381	\$1,920,834	\$3,123,796	\$3,794,292	\$4,484,416	\$5,793,041	\$5,842,741	\$5,373,123
20 . Wings	\$3,172,454	\$3,499,361	\$3,860,667	\$3,474,058	\$4,045,417	\$4,147,258	\$3,771,378	\$3,655,364	\$4,088,282	\$4,625,738	\$4,839,377
21 Wright	\$1,972,501	\$2,145,441	\$2,529,400	\$2,562,498	\$2,494,735	\$2,643,403	\$2,717,824	\$2,680,469	\$2,934,964	\$3,436,720	\$3,849,130
22 Yute	0	0	\$3,898,843	\$5,853,731	\$7,471,761	\$7,192,441	\$6,947,516	\$9,502,879	\$8,392,421	\$7,689,476	0
Total Oper. Exp.	\$80,341,929	\$100,351,783	\$126,496,399	\$142,773,513	\$145,777,173	\$153,586,432	\$162,338,046	\$151,627,537	\$167,291,635	\$179,346,092	\$176,051,297

INTRA-ALASKA BUSH SERVICE MAIL RATES COST ADJUSTMENT FACTORS

G&A as a Percentage of Operating Expense less G&A 1/

	YE 09/30/1989	YE 09/30/1990	YE 09/30/1991	YE 09/30/1992	YE 09/30/1993	-	-	YE 09/30/1996	YE 09/30/1997	YE 09/30/1998	YE 09/30/1999
1 A. Island Air	13.67%	12.05%	8.67%	16.32%	15.03%	9.63%	0.00%	0.00%	0.00%	0.00%	0.00%
2 A. Circle	18.63%	19.56%	13.11%	12.24%	11.60%	9.62%	10.46%	11.37%	13.01%	11.95%	10.58%
3 Arctic Tpt.	23.34%	22.97%	21.91%	23.14%	17.83%	14.30%	15.70%	16.67%	17.26%	19.12%	15.62%
4 Baker	20.53%	16.88%	21.57%	19.49%	16.13%	19.14%	21.67%	15.21%	14.86%	35.17%	48.62%
5 Bering	11.51%	5.33%	6.52%	9.93%	14.40%	14.10%	13.14%	11.75%	11.77%	13.31%	9.88%
6 Camai	0.00%	15.82%	21.82%	29.00%	15.83%	16.02%	31.64%	15.46%	28.87%	31.09%	30.24%
1 C. Smythe	14.05%	10.30%	14.23%	12.58%	12.70%	13.27%	12.56%	11.47%	14.65%	12.13%	10.76%
8 ERA System	15.54%	16.68%	18.23%	18.95%	16.90%	16.38%	15.56%	15.50%	10.95%	20.81%	22.96%
9 Frontier	18.86%	15.86%	13.86%	15.43%	14.47%	13.85%	12.17%	11.74%	13.30%	12.54%	10.44%
10 Grant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	15.58%	16.80%	26.59%	23.37%	19.97%
11 Hageland	0.00%	0.00%	0.00%	0.00%	12.23%	13.66%	9.04%	11.31%	7.64%	10.54%	9.52%
12 Ketchikan	46.84%	27.69%	17.37%	13.08%	15.02%	10.32%	18.94%	8.87%	0.00%	0.00%	0.00%
13 Larrys	5.09%	4.06%	5.55%	8.07%	7.03%	8.18%	6.70%	6.05%	7.94%	7.54%	4.88%
14 MarkAir	6.89%	6.37%	5.76%	4.40%	3.36%	2.76%	3.20%	0.00%	0.00%	0.00%	0.00%
15 Peninsula	11.52%	13.22%	17.11%	14.34%	15.26%	13.81%	14.96%	12.96%	11.82%	12.70%	11.70%
16 Tanana	24.80%	19.03%	17.15%	17.26%	16.61%	14.54%	17.43%	15.42%	19.34%	20.64%	26.19%
17 Taquan			14.56%	21.35%	20.43%	30.92%	33.85%	17.42%	25.39%	23.41%	21.23%
18 Temsco	19.18%	21.07%	18.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19 Warbelows	0.00%	0.00%	31.09%	23.90%	22.22%	26.88%	24.80%	16.38%	20.08%	18.11%	13.99%
20 Wings	30.18%	21.05%	19.12%	21.11%	20.77%	15.95%	13.17%	11.30%	11.50%	9.93%	7.99%
21 Wright	25.17%	20.95%	25.52%	18.74%	15.74%	15.79%	22.85%	15.96%	20.80%	23.88%	14.67%
22 Yute			32.14%	31.07%	37.00%	21.74%	15.79%	12.39%	14.95%	14.20%	0.00%
G&A as % of Other											
Oper. Expense	14.55%	13.87%	14.64%	13.67%	13.66%	13.15%	13.21%	13.39%	13.75%	16.40%	15.30%

1/ G & A expense on page 1 divided by (total operating expense on page 2 less G & A).

REGRESSION RESULTS OF NONFUEL LINEHAUL UNIT COSTS, YE 9/30/89 THROUGH 9/30/98

Appendix F

Regression

Page 1 of 4

Data Regressed

X	Y 1/	LN(Y)
1989	\$212.01	5.3566334
1990	\$226.98	5.4248619
1991	\$248.35	5.514839
1992	\$249.56	5.5196994
1993	\$236.60	5.466371
1994	\$243.07	5.4933495
1995	\$242.74	5.4919909
1996	\$256.40	5.5467387
1997	\$284.62	5.651155
1998	\$317.44	5.7602888
1999	\$347.00	5.8493248

ANOVA

	df	SS	MS	F	Significance F
Regression	1	0.167607	0.167607	33.39748	0.000266382
Residual	9	0.045167	0.005019		
Total	10	0.212774			

	Coefficients	Std. Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.00%	Upper 95.00%
Intercept	-72.28278	13.4685	-5.366805	0.000452	-102.75066	-41.81491	-102.7507	-41.81491
X Variable	0.0390346	0.006755	5.779055	0.000266	0.023754885	0.054314	0.023755	0.054314

RESIDUAL OUTPUT

Observations	Predicted Y	Residuals	Predicted Y (EXP)
1	5.3571225	-0.000489	\$212.1137
2	5.3961571	0.028705	\$220.5572
3	5.4351917	0.079647	\$229.3368
4	5.4742264	0.045473	\$238.4659
5	5.513261	-0.04689	\$247.9584
6	5.5522957	-0.058946	\$257.8288
7	5.5913303	-0.099339	\$268.0920
8	5.630365	-0.083626	\$278.7638
9	5.6693996	-0.018245	\$289.8605
10	5.7084342	0.051855	\$301.3988
11	5.7474689	0.101856	\$313.3964

SUMMARY OUTPUT

Regression Statistics

Multiple R	0.887538
R Square	0.787723
Adjusted R Sq	0.764137
Standard Error	0.070842
Observations	11

1/ Values are from Appendix C, Page 7 of 7

Note: The annual increase in unit cost is derived from the Residual Output above under Predicted Y (EXP) which produces a constant 3.98% annual increase.

REGRESSION RESULTS OF DEPARTURE RELATED UNIT COSTS, YE 9/30/89 THROUGH 9/30/99

X	Y 1/	LN(Y)
1989	\$37.50	3.6243409
1990	\$42.69	3.7539647
1991	40.44	3.6998194
1992	\$41.23	3.7191661
1993	\$42.30	3.7447871
1994	\$42.30	3.7447871
1995	\$45.81	3.8245024
1996	\$47.87	3.868489
1997	\$49.84	3.9088179
1998	\$49.79	3.9078142
1999	\$50.17	3.9154172

ANOVA								
	df	SS	MS	F	Significance F			
Regression	1	0.086024	0.086024	70.4421	1.50599E-05			
Residual	9	0.010991	0.001221					
Total	10	0.097015						

	Coefficients	Std. Error	t Stat	P-value	Lower 95.00%	Upper 95.00%	Lower 95.00%	Upper 95.00%
Intercept	-51.96996	6.643889	-7.82222	2.65E-05	-66.99949437	-36.94043	-66.99949	-36.94043
X Variable	0.0279649	0.003332	8.392979	1.51E-05	0.020427502	0.035502	0.020428	0.035502

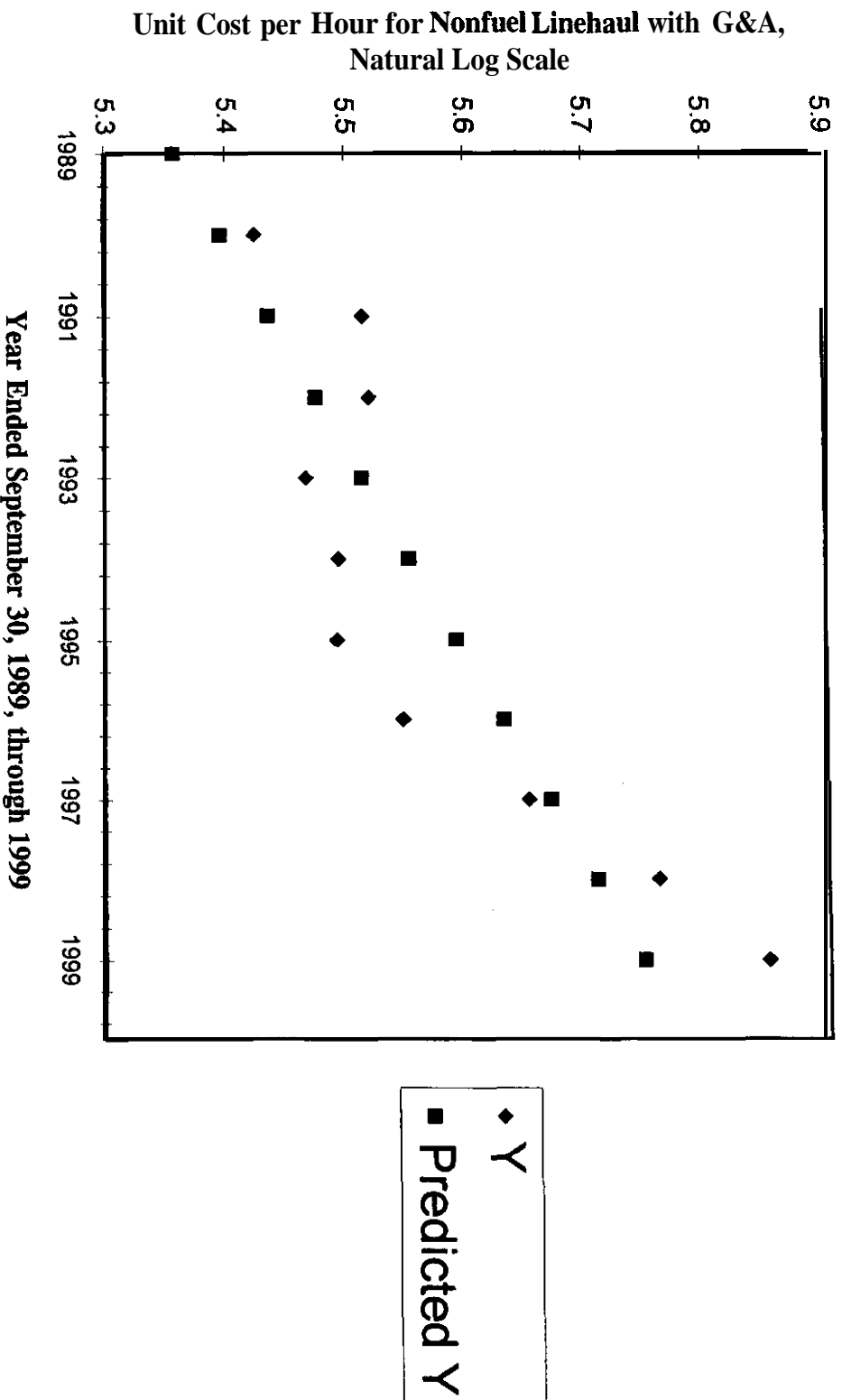
RESIDUAL OUTPUT				
Observations	Predicted Y	Residuals	Predicted Y (EXP)	
1	3.6521671	-0.027826	38.558135	
2	3.680132	0.073833	39.651627	
3	3.7080968	-0.008277	40.776129	
4	3.7360617	-0.016896	41.932522	
5	3.7640266	-0.01924	43.12171	
6	3.7919915	-0.047204	44.344623	
7	3.8199563	0.004546	45.602217	
8	3.8479212	0.020568	46.895476	
9	3.8758861	0.032932	48.225411	
10	3.9038509	0.003963	49.593062	
11	3.9318158	-0.016399	50.999499	

SUMMARY OUTPUT	
Regression Statistics	
Multiple R	0.9416528
R Square	0.8867099
Adj. R Square	0.8741222
Std. Error	0.0349456
Observations	11

1/ Values are from Appendix D, Page 4 of 4

Note: The annual increase in unit cost is derived from the Residual Output above under Predicted Y (EXP) which produces a 2.84% annual increase.

Actual Nonfuel Linehaul Unit Costs, with G&A, vs. Predicted



Actual Wtd. Departure Unit Costs, with G&A vs. Predicted

